



# CITY OF LODI COUNCIL COMMUNICATION

TM

**AGENDA TITLE:** Adopt resolution approving an amendment to the agreement between the City of Lodi and the State of California for use of the Lodi National Guard Armory facility at 333 N. Washington Street, Lodi

**MEETING DATE:** May 18, 2005

**PREPARED BY:** Parks and Recreation Director

**RECOMMENDED ACTION:** That the City Council adopt the attached resolution amending the agreement between the City of Lodi and the State of California for use of the Lodi National Guard Armory facility at 333 N. Washington Street, Lodi.

**BACKGROUND INFORMATION:** The City entered into a five year agreement with the State of California in February 2002 for the use of the Lodi National Guard Armory facility for recreational activities for the period of April 1, 2002 to March 31, 2007. The agreement called for a net monthly rent of \$425 plus any utility expenses incurred for City activities above and beyond the State's average costs of \$303 per month. Upon review of the State's utilities prior to the City's use, staff discovered that the contracted utility figure of \$303 did not include the State's gas charges and therefore these costs were being incorrectly passed on to the City.

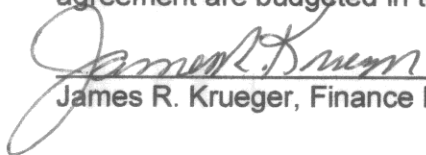
Staff has been working with various State employees for some time to resolve the discrepancy in the utility billing and has come to a fair resolution with the attached amendment. Additionally, an adjustment in the landscape maintenance allowance was made to better reflect costs associated with those tasks involved. The term of the lease will remain the same. In summary, the amendment, which takes effect June 1, 2005, if approved, calls for the following:

- Each entity will be responsible for 50% of all utility costs incurred for utilities (electric, gas, water, sewer and trash disposal). The State will bill the City quarterly.
- The net monthly rental fee due will be reduced from \$425 to \$350 per month to reflect an accurate landscape maintenance allowance (Exhibit B of the amendment).
- With prior State approval, the department may rent the facility for a 50/50 share of the revenues. (The original lease agreement did not allow the City to sublet the facility.)

**FISCAL IMPACT:** The rental fee has been reduced by \$75 per month which will save the City \$900 annually for the remainder of the contract. Additionally, the State is amicable to allowing the department to rent the facility, with prior approval, thereby potentially increasing revenues to the City.

APPROVED: Blair King  
Blair King, City Manager

**FUNDING AVAILABLE:** Funding for the monthly rental and maintenance costs associated with this agreement are budgeted in the Parks and Recreation operating budgets.

  
James R. Krueger, Finance Director

  
Tony C. Goehring  
Parks and Recreation Director

Prepared by: Susan Bjork, Management Analyst

TG/SB:tl

cc: City Attorney

PROJECT: Lodi Armory

**AMENDMENT NO. 1 TO LEASE**

This Amendment No. 1 to Lease, dated for reference purposes only, April 22, 2005, by and between the City of Lodi, Department of Parks and Recreation, hereinafter called LESSEE, and the State of California, acting by and through its Director of the Department of General Services (the DGS), with the consent of the Military Department, hereinafter called STATE,

**RECITALS:**

**WHEREAS**, the STATE has under its jurisdiction certain real property located in the County of San Joaquin, State of California, commonly referred to as the Lodi Armory, and

**WHEREAS**, Pursuant to Government Code Section 14670(a), the Director of the Department of General Services, with the consent of the Military Department, is authorized to let state real property for a period not to exceed five years if the Director deems such letting is in the best interest of the state, and

**WHEREAS**, the parties hereto entered into that certain Lease dated February 21, 2002, covering the Premises including approximately 10,199 square feet of the total building area of 18,507 square feet together with its adjacent parking lots and grounds located at 333 N. Washington Street, Lodi, in the County of San Joaquin, State of California; and

**WHEREAS**, the parties hereto desire to amend said Lease in order to adjust the landscaping expense credit, rental payments, utility expenses payable, subleasing ability, and holding over by the LESSEE.

**WITNESSETH:**

**NOW, THEREFORE**, effective June 1, 2005, it is mutually agreed between the parties hereto as follows:

1. Paragraph 4, UTILITIES, shall be deleted and replaced by the following:

LESSEE shall, at its sole cost and expense, reimburse the State for one half (1/2) of the monthly utility fees of the entire premises. LESSEE will be billed and will pay State quarterly for its portion of the utility bills. Utilities include electric, gas, water, sewer and trash disposal.

2. Paragraph 6, IN LIEU BENEFITS, Sentences 3, 4 and Paragraph (b) shall be deleted and replaced by the following:

As long as LESSEE completes the proposed improvements to the Premises, provides landscaping maintenance and operates basketball and other recreation programs for the community, the rental payment will be reduced to \$350.00 per month. The basis for and calculation of these in lieu benefits are listed in exhibit "B" also amended and made part consisting of one (1) page attached hereto and made a part therein.

(b) LESSEE shall make rental payments for the leased Premises monthly in advance on the first day of each month as follows:

THREE HUNDRED FIFTY AND 00/100 dollars (\$350.00)

3. Paragraph 12. HOLDING OVER, the first paragraph shall be deleted and replaced by the following:

Should LESSEE hold over after the expiration of the term of this Lease with the consent of STATE, expressed or implied, said tenancy shall be deemed to be a tenancy only from month-to-month subject to a rent increase to \$2,500.00 per month less allowances for landscape maintenance of \$250.00 per month, less the emergency displacement allowance of \$25.00 per month, and less one half of the balance of the rent of \$2,225.00 per month for a net monthly rental rate of \$1,112.00 payable in advance, subject otherwise to all the terms and conditions of this Lease insofar as applicable.

4. Paragraph 13. NO SUBLET shall be deleted and replaced by the following:

(a) LESSEE shall not transfer nor assign this Lease, or cause or permit any change of any equipment installed in such Premises without prior written approval of the STATE.

(b) Notwithstanding the above, the LESSEE is authorized to license the Armory minus restricted areas to others in accordance with the same provisions hereto for community oriented events, with prior written approval of the Military Department. All license fees for such approved licenses are to be divided equally between the Military Department and LESSEE. The LESSEE will make its records of licensing available at any reasonable time for inspection and will provide routine documentation of licensed events and accounting of funds received, to the Military Department upon request. Consent to one license is not a consent to any subsequent licenses.

(c) No licensing for use of space permitted herein, whether with or without the Military Department's consent, shall release LESSEE, or change LESSEE'S primary liability to pay the rent and to perform all other obligations of LESSEE under this Lease. STATE'S acceptance of rent from any other person is not a waiver of any provision herein.

5. Except as expressly amended herein, all of the terms and conditions of said lease shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 1 to Lease has been executed by the parties on the date written below.

**STATE OF CALIFORNIA:**

**DIRECTOR OF DEPARTMENT OF  
GENERAL SERVICES**

By: \_\_\_\_\_  
Bob Clark, Manager  
State Owned Leasing & Development

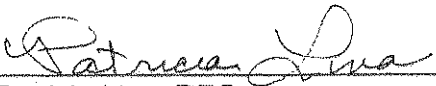
EXECUTED DATE: \_\_\_\_\_

**Consents to the Lease**

**MILITARY DEPARTMENT**

By: \_\_\_\_\_  
Patrick E. Sproul, Chief  
Contracting Section

**Approves Terms  
Department of General Services**

By:   
Patricia Liva, REO

**LESSEE:**

**CITY OF LODI**

By: \_\_\_\_\_  
Blair King, City Manager

**Attest:**

By: \_\_\_\_\_  
Susan J. Blackston, City Clerk

**Approved as to form:**

By: \_\_\_\_\_  
D. Stephen Schwabauer  
City Attorney

**EXHIBIT B**

## Lodi Armory Rent Calculation

<b>Economic Rent Per Month</b>	<b>\$2,500.00</b>
Less:	
Repairs and Improvements to Armory Building, Divided by 60 Months: \$91,481/60	-\$1,525.00
Landscape Maintenance Allowance	-\$ 250.00
Emergency Termination Allowance	<u>-\$ 25.00</u>
Balance:	\$ 700.00
Divided by two for allowance for Joint use and operation of City Basketball and other community Oriented recreation programs	<u>-\$ 350.00</u>
<b>Net Monthly Rent</b>	<b>\$ 350.00</b>

RESOLUTION NO. 2005-99

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING AMENDMENT TO  
LEASE AGREEMENT BETWEEN THE CITY OF LODI AND THE STATE OF  
CALIFORNIA FOR USE OF THE NATIONAL GUARD ARMORY BUILDING

---

WHEREAS, in 2002, the City of Lodi entered into a five-year Lease Agreement with the State of California for joint use of the Armory facility located at 333 N. Washington Street, Lodi; and

WHEREAS, upon review of the State's utilities prior to the City's use, staff discovered a discrepancy in the utility billing and has come to a fair resolution with the attached Amendment marked Exhibit A; and

WHEREAS, additionally, an adjustment in the landscape maintenance allowance was made to better reflect costs associated with those tasks involved; and

WHEREAS, the amendment, which takes effect June 1, 2005, calls for the following:

- 1) Each entity will be responsible for 50% of all utility costs incurred for utilities (electric, gas, water, sewer and trash disposal). The State will bill the City quarterly.
- 2) The net monthly rental fee due will be reduced from \$425 to \$350 per month to reflect an accurate landscape maintenance allowance (Exhibit B of the Amendment).
- 3) With prior State approval, the department may rent the facility for a 50/50 share of the revenues. (The original lease agreement did not allow the City to sublet the facility.)

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve an Amendment to the Lease Agreement between the City of Lodi and the State of California for use of the National Guard Armory Building located at 333 N. Washington Street, Lodi; and

BE IT FURTHER RESOLVED that the Lodi City Council hereby authorizes the City Manager to execute the Amendment to the Lease Agreement on behalf of the City of Lodi.

Dated: May 18, 2005

---

I hereby certify that Resolution No. 2005-99 was passed and adopted by the City Council of the City of Lodi in a regular meeting held May 18, 2005, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



SUSAN J. BLACKSTON  
City Clerk

**AGENCY: Military Department**

**LEASE No.: L-2015**

**PROJECT: Lodi Armory**

**AMENDMENT NO. 1 TO LEASE**

This Amendment No. 1 to Lease, dated for reference purposes only, April 22, 2005, by and between the City of Lodi, Department of Parks and Recreation, hereinafter called LESSEE, and the State of California, acting by and through its Director of the Department of General Services (the DGS), with the consent of the Military Department, hereinafter called STATE,

**RECITALS:**

**WHEREAS**, the STATE has under its jurisdiction certain real property located in the County of San Joaquin, State of California, commonly referred to as the Lodi Armory, and

**WHEREAS**, Pursuant to Government Code Section 14670(a), the Director of the Department of General Services, with the consent of the Military Department, is authorized to let state real property for a period not to exceed five years if the Director deems such letting is in the best interest of the state, and

**WHEREAS**, the parties hereto entered into that certain Lease dated February 21, 2002, covering the Premises including approximately 10,199 square feet of the total building area of 18,507 square feet together with its adjacent parking lots and grounds located at 333 N. Washington Street, Lodi, in the County of San Joaquin, State of California; and

**WHEREAS**, the parties hereto desire to amend said Lease in order to adjust the landscaping expense credit, rental payments, utility expenses payable, subleasing ability, and holding over by the LESSEE.

**WITNESSETH:**

**NOW, THEREFORE**, effective June 1, 2005, it is mutually agreed between the parties hereto as follows:

1. Paragraph 4, UTILITIES, shall be deleted and replaced by the following:

LESSEE shall, at its sole cost and expense, reimburse the State for one half (1/2) of the monthly utility fees of the entire premises. LESSEE will be billed and will pay State quarterly for its portion of the utility bills. Utilities include electric, gas, water, sewer and trash disposal.



2. Paragraph 6, IN LIEU BENEFITS, Sentences 3, 4 and Paragraph (b) shall be deleted and replaced by the following:

As long as LESSEE completes the proposed improvements to the Premises, provides landscaping maintenance and operates basketball and other recreation programs for the community, the rental payment will be reduced to \$350.00 per month. The basis for and calculation of these in lieu benefits are listed in exhibit "B" also amended and made part consisting of one (1) page attached hereto and made a part therein.

(b) LESSEE shall make rental payments for the leased Premises monthly in advance on the first day of each month as follows:

THREE HUNDRED FIFTY AND 00/100 dollars (\$350.00)

3. Paragraph 12. HOLDING OVER, the first paragraph shall be deleted and replaced by the following:

Should LESSEE hold over after the expiration of the term of this Lease with the consent of STATE, expressed or implied, said tenancy shall be deemed to be a tenancy only from month-to-month subject to a rent increase to \$2,500.00 per month less allowances for landscape maintenance of \$250.00 per month, less the emergency displacement allowance of \$25.00 per month, and less one half of the balance of the rent of \$2,225.00 per month for a net monthly rental rate of \$1,112.00 payable in advance, subject otherwise to all the terms and conditions of this Lease insofar as applicable.

4. Paragraph 13. NO SUBLET shall be deleted and replaced by the following:

(a) LESSEE shall not transfer nor assign this Lease, or cause or permit any change of any equipment installed in such Premises without prior written approval of the STATE.

(b) Notwithstanding the above, the LESSEE is authorized to license the Armory minus restricted areas to others in accordance with the same provisions hereto for community oriented events, with prior written approval of the Military Department. All license fees for such approved licenses are to be divided equally between the Military Department and LESSEE. The LESSEE will make its records of licensing available at any reasonable time for inspection and will provide routine documentation of licensed events and accounting of funds received, to the Military Department upon request. Consent to one license is not a consent to any subsequent licenses.

(c) No licensing for use of space permitted herein, whether with or without the Military Department's consent, shall release LESSEE, or change LESSEE'S primary liability to pay the rent and to perform all other obligations of LESSEE under this Lease. STATE'S acceptance of rent from any other person is not a waiver of any provision herein.

5. Except as expressly amended herein, all of the terms and conditions of said lease shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 1 to Lease has been executed by the parties on the date written below.

**STATE OF CALIFORNIA:**

**DIRECTOR OF DEPARTMENT OF  
GENERAL SERVICES**

By: \_\_\_\_\_  
Bob Clark, Manager  
State Owned Leasing & Development

EXECUTED DATE: \_\_\_\_\_

**Consents to the Lease**

**MILITARY DEPARTMENT**

By: \_\_\_\_\_  
Patrick E. Sproul, Chief  
Contracting Section

**Approves Terms  
Department of General Services**

By: Patricia Liva  
Patricia Liva, REO

**LESSEE:**

**CITY OF LODI**

By: \_\_\_\_\_  
Blair King, City Manager

**Attest:**

By: \_\_\_\_\_  
Susan J. Blackston, City Clerk

**Approved as to form:**

By: \_\_\_\_\_  
D. Stephen Schwabauer  
City Attorney

**EXHIBIT B****Lodi Armory Rent Calculation**

<b>Economic Rent Per Month</b>	<b>\$2,500.00</b>
Less:	
Repairs and Improvements to Armory Building, Divided by 60 Months: \$91,481/60	-\$1,525.00
Landscape Maintenance Allowance	-\$ 250.00
Emergency Termination Allowance	<u>-\$ 25.00</u>
Balance:	\$ 700.00
Divided by two for allowance for Joint use and operation of City Basketball and other community Oriented recreation programs	<u>-\$ 350.00</u>
<b>Net Monthly Rent</b>	<b>\$ 350.00</b>